



U.S. Department of Justice

Ronald C. Machen Jr.
*United States Attorney for the
District of Columbia*

*Judiciary Center
555 Fourth St. N.W.
Washington, D.C. 20530*

PRESS RELEASE

FOR IMMEDIATE RELEASE

Friday, October 14, 2011

For Information Contact:

Public Affairs

(202) 252-6933

<http://www.justice.gov/usao/dc/index.html>

Government Contractor Pleads Guilty to Providing False Information to Federal Agencies to Procure Contracts

**A Second Government Contractor is Indicted for Similar Offenses
In Cases Related to Arrests of U.S. Army Corps of Engineers Employees**

WASHINGTON - Theodoros N. Hallas, 39, of Potomac, Md., the former Executive Vice President of Operations for Nova Datacom, LLC, has pled guilty in the U.S. District Court for the District of Columbia to one count of conspiracy to commit wire fraud.

In a related matter, the indictment of another government contractor, Rajesh Kumar Malik, also known as Roger Malik, the former Executive Vice President of MED Trends, Inc., was unsealed today. Malik, 44, formerly of Columbia, Md., was indicted on separate counts of conspiracy, wire fraud, mail fraud, and false statements in connection with submitting allegedly false statements to federal agencies to win government contracts for MED Trends, a health care information technology consulting company with a virtual office in Rockville, Md.

The guilty plea and indictment were announced by U.S. Attorney Ronald C. Machen Jr.; James W. McJunkin, Assistant Director in Charge of the FBI's Washington Field Office; Peggy E. Gustafson, Inspector General for the U.S. Small Business Administration (SBA), Brian D. Miller, Inspector General for the U.S. General Services Administration (GSA), and Michael S. Barcus, Special Agent in Charge for the Washington Region of the U.S. Department of Labor's Office of Inspector General - Office of Labor Racketeering and Fraud Investigations.

The investigations of Malik and Hallas led investigators to uncover the alleged bribery, kickback, and money laundering scheme that resulted in the arrests on October 4, 2011 of two employees of the U.S. Army Corps of Engineers, Michael A. Alexander and Kerry F. Khan.

Hallas pleaded guilty on October 13, 2011 before the Honorable Emmet G. Sullivan. Sentencing has not been scheduled.

In connection with the guilty plea by Hallas, and as set forth in the executed Statement of Offense, Hallas acknowledged that he was the Executive Vice President of Nova Datacom, a provider of information assurance and security services to federal agencies and commercial companies with headquarters in Chantilly, Va.

Hallas also acknowledged that he agreed to provide Malik, a former colleague, with false past performance references and evaluations to burnish the qualifications of MED Trends to perform federal contracts and to grow the federal contracting business for MED Trends. Hallas agreed to allow Malik to represent falsely to federal agencies that Hallas's employers, including Nova Datacom, had contractual relationships with MED Trends. Hallas agreed, for example, that he knowingly provided a false reference to MED Trends to assist MED Trends in competing for a contract with the U.S. Department of Labor. According to the charges, Hallas's actions resulted in MED Trends winning the contract awarded by the Department of Labor in April 2010, valued with all options at more than \$20 million.

Upon joining Nova Datacom, Hallas agreed that he employed a similar strategy of using Malik and others to provide false past performance references to burnish the qualifications of Nova Datacom to perform federal contracts and to grow the federal contracting business for Nova Datacom. According to the charges, Malik agreed to allow Hallas to represent falsely to federal agencies that MED Trends had contractual relationships with Nova Datacom.

The indictment of Malik, which was returned by a grand jury, under seal, on September 9, 2011, in the U.S. District Court for the District of Columbia, was unsealed today.

According to the indictment, Malik caused MED Trends to submit false information to the SBA to secure a federal contract in which a competitor protested MED Trends's self-certification as a Service-Disabled Veteran-Owned (SDVO) Small Business Concern. The SBA established the SDVO program to assist service-disabled veterans obtain federal set-aside contracts.

The indictment also alleges that Malik caused MED Trends to submit false information to the SBA to obtain and retain status as a HUBZone Small Business Concern. The SBA established the HUBZone Program to help small businesses in urban and rural communities gain preferential access to federal procurement opportunities. According to the charges, MED Trends received income from federal contracts in excess of \$17 million based on its certification as a HUBZone Small Business Concern and its self-certification as a SDVO Small Business Concern. In addition, the indictment alleges that Malik caused MED Trends to submit false references to federal agencies to burnish the qualifications of MED Trends to grow the federal contracting business of MED Trends.

“This case demonstrates our steadfast commitment to root out and prosecute those who commit fraud in our federal contracting process,” said U.S. Attorney Machen. “We want to thank our law enforcement partners for their tireless efforts in combating contract fraud.”

“The guilty plea of Theodoros Hallas is another victory for taxpayers,” said Inspector General Gustafson of the SBA. “Mr. Hallas’s actions and those alleged to have been committed by Rajesh Kumar Malik denied federal contracts to businesses that deserved such opportunities, including small businesses owned by service-disabled veterans. With our interagency partners, SBA OIG will continue to pursue those who defraud the government by lying in order to gain access to federal set-aside contracts.”

“Contractors cannot lie about their past and size to get federal contracts and expect to get away with it,” said GSA Inspector General Miller.

An indictment is merely a formal charge that a defendant has committed a violation of criminal laws and is not evidence of guilt. Every defendant is presumed innocent until, and unless, proven guilty.

These cases were investigated by the FBI’s Washington Field Office; the Office of the Inspector General for the Small Business Administration; the Labor Department’s Office of Inspector General - Washington Regional Office of Labor Racketeering and Fraud Investigations; the Office of Inspector General for the U.S. General Services Administration; and the Office of Inspector General for the U.S. Department of Veterans Affairs.

They are being prosecuted by Assistant U.S. Attorneys Michael Atkinson and Bryan Seeley of the Fraud and Public Corruption Section and Assistant U.S. Attorney Anthony Saler and Special Assistant U.S. Attorney Christopher Dana of the Asset Forfeiture and Money Laundering Section. Assistance also was provided by Forensic Accountant Maria Boodoo; Paralegal Specialists Tasha Harris, Shanna Hays, Taryn McLaughlin, and Sarah Reis; and Legal Assistants Jared Forney, Krishawn Graham, Jessica McCormick, and Nicole Wattlelet.

11-456

###